



# Michigan Creditors Bar Association

To: Chairman John Walsh and Members of the House Judiciary Committee  
From: Michigan Creditors Bar Association  
Re: Opposition to SB 269 on Increasing the Jurisdictional Limit for Small Claims Date: March 20, 2012

The Michigan Creditors Bar Association respectfully opposes SB 269 for the following reasons:

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[crobertson@weberofcese.com](mailto:crobertson@weberofcese.com)

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[simsjr@grsims.com](mailto:simsjr@grsims.com)

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[lisam@mjelliott.com](mailto:lisam@mjelliott.com)

Jennifer T. Dillow  
[jdillow@weltman.com](mailto:jdillow@weltman.com)

### Executive Director

Scott J. Gaghan  
[gaghaniv@aol.com](mailto:gaghaniv@aol.com)

1. **Negative fiscal impact on the State:** Small claims court lawsuits require significantly more judicial and clerical time and resources than actions filed in the general civil docket. Increasing small claims jurisdiction will require more court hearings, paperwork, and effort by the court staff. This creates more expense for the taxpayers who pay for these precious resources.
2. **Regressive: Expanding the labor intensive and time consuming process of small claims is contrary to the State Bar efforts to streamline courts using technology.** Efforts are underway to permit e filing in all courts, telephone and video conferencing, and technology to reduce costs and human resources. But this is only possible in the general civil docket. Small claims cases requires paper filings, mailings, additional in-person court hearings which are time consuming and expensive.
3. **Collection attorneys and contingent fees provide an economical solution for debt collection suits for balances as low as \$500.** Thousands of low balance collection suits are filed annually in the general civil docket of Michigan courts. MCBA law firms represent creditors, including hospitals, banks, small business, and auto lenders, from Monroe to Ironwood, from Benton Harbor to St. Ignace.
4. **Michigan's small claims limit is already higher than our sister states allow under similar circumstances.**

The attached survey of our sister states establishes that the average limit for small claims actions allowed to be filed by non-attorneys, e.g. pro se businesses, is \$2,583.33. Illinois does not permit any businesses to file a claim without a lawyer. Kentucky forbids lenders from suing in small claims court. Wisconsin does not have a true small claims court.

5. **Federal statutes impact on collection law:** Collection lawsuits involve complicated and serious consequences for debtors and creditors, which are better addressed in the general civil docket.

Michael H.R. Buckles, Government Affairs Director

Michigan Creditors Bar Association

P. O. Box 1025  
Davison, MI 48423  
Phone #888-653-7133  
Fax#810-272-4316  
[www.mcbaonline.com](http://www.mcbaonline.com)

# Survey of Small Claims Jurisdiction and Procedure for Midwestern States Other than Michigan

| State     | Max. Amt.<br>for Small<br>Claims<br>Jurisd'n | Max. for<br>Pro Se<br>Business<br>Plaintiff | Lawyers<br>Permitted | Ban on<br>Assigned<br>Claims | Atty.<br>Req'd for<br>Assigned<br>Claims | Ban on<br>Lender<br>Claims | Jury<br>Available | Appeal<br>Available | Assistance<br>by Clerk<br>Required |
|-----------|--|---|----------------------|------------------------------|--|----------------------------|-------------------|---------------------|------------------------------------|
| Illinois  | \$10,000                                     | \$0   | X                    |                              |  |                            | X                 | X                   |                                    |
| Indiana   | \$6,000                                      | \$1,500                                     | X                    |                              | X  |                            |                   | X                   |                                    |
| Kentucky  | \$1,500                                      | \$1,500                                     | X                    | X                            |  | X                          |                   |                     |                                    |
| Minnesota | \$7,500                                      | \$7,500                                     | X                    |                              |  |                            | X                 | X                   | X                                  |
| Ohio      | \$3,000                                      | \$0   | X                    | X                            |  |                            |                   |                     |                                    |
| Wisconsin | \$5,000                                      | \$5,000                                     | X                    |                              | X  |                            | X                 | X                   |                                    |

In the above six Midwestern states other than Michigan, the average (mean) amount of the claim that may be brought in a small claims court by a pro se business plaintiff is \$2,583.33. The median upper limit on pro se business claims is \$1,500.

In Ohio, essentially a non-attorney may not represent a business plaintiff because a non-attorney appearing for a business may not engage in cross-examination, argument, or other acts of advocacy for the business.

Minnesota small claims court requires extensive involvement of court clerks creating more expense for its state budget.

Wisconsin is not a true small claims court. It has only one trial court, unlike Michigan which has circuit and district courts.